

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED
10-21-14
04:59 PM

Order Instituting Rulemaking to Conduct
a Comprehensive Examination of the
California Teleconnect Fund.

R.13-01-010
(Filed January 24, 2013)

**REPLY COMMENTS
OF THE OFFICE OF RATEPAYER ADVOCATES
ON PHASE I GUIDING PRINCIPLES AND PHASE II ISSUES OF THE
CALIFORNIA TELECONNECT FUND**

KIMBERLY J. LIPPI

Staff Counsel
Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-5822
Fax: (415) 703-4492
Email: kimberly.lippi@cpuc.ca.gov

ROBERT LEHMAN

Analyst
Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-2245
Email: robert.lehman@cpuc.ca.gov

October 21, 2014

125810707

I. INTRODUCTION

Pursuant to the Assigned Administrative Law Judge's (ALJ) Ruling Setting Workshops, Public Participation Hearings and New Dates for Remaining Activities for Phases I and II of the Proceeding (June 10, 2014), in Rulemaking (R.) 13-01-010, and revised by ALJ Moosen's August 1, 2014 E-mail Ruling to Further Modify Schedule, the Office of Ratepayer Advocates (ORA) respectfully submits these reply comments regarding Phase I and II program changes to the California Teleconnect Fund (CTF).

ORA's reply comments focus on achieving fiscal prudence for the CTF program, focusing goals to meet the program's objective of bringing direct Internet access and indirect Internet-enabled services to local communities through eligible institutions, developing clear boundaries for recipient non-profit healthcare, community based, and other organizations, and establishing clear parameters for eligible telecommunications services and providers.

II. DISCUSSION

A. Phase I: Program Goals Should Be Focused To Achieve CTF Objectives

1. CTF Program Goals Should Remain Focused on Meeting the Needs of Underserved Communities by Providing them Access to Proven, Cost-Effective Broadband Services.

California Cable and Telecommunications Association (CCTA), Charter Fiberlink (Charter), Cox California Telcom, L.L.C., dba Cox Communications (Cox), and Sprint Communications Company, L.P. (Sprint) (collectively, Competitive Providers)¹ and Pacific Bell Telephone Company d/b/a AT&T California, et al. (AT&T)² endorse the "broader" goals proposed by Cox and Sprint in Appendix A of their June 20, 2014, Alternative Proposal.³ These proposed broader goals include CTF support of "state-of-

¹ Competitive Providers Opening Comments, at 3.

² AT&T Opening Comments, at 2.

³ See Competitive Providers Opening Comments, at Attachment A.

the-art” technologies and services, and making advanced telecommunications services “ubiquitously available”, while simultaneously calling for the program to be “fiscally prudent.” However, these broad objectives for expansive services, and potential deployment of infrastructure, are at odds with fiscal prudence. The focus of CTF goals should not be on “state-of-the-art” technologies and services, but instead should be concentrating the CTF on proven, cost-effective, adequate-speed telecommunications and broadband services that meet the needs of underserved California communities, and specifically the essential needs for information, healthcare, education, and community services.

**B. PHASE II: CALIFORNIA TELECONNECT FUND
PROGRAM ELEMENTS**

1. Program Participant Eligibility for Non-Profit Private Schools Should Include Endowment Caps and Participation in the Free Reduced Meal Program.

Verizon proposes that non-profit private school CTF applicants be subject to both the existing endowment cap and the 40% participation in the Free Reduced Meal Program.⁴ This is a sensible recommendation as it focuses CTF funds on limited-resource schools that serve students with limited financial means.

2. Program Participant Eligibility for Community Based Organizations Should Require Clear Definitions for Direct and Indirect Internet Services, But No Budget Caps.

The Center for Accessible Technology, the Greenlining Institute, and The Utility Reform Network (TURN) (collectively, Joint Consumers) propose a \$5 million budget cap for community based organizations (CBOs).⁵ This proposal should not be adopted because it eliminates those large organizations that appropriately target underserved communities. The Joint Consumers’ proposal to define “direct” and “indirect” Internet-enabled services, and the targeted populations/communities CTF should support,

⁴ Verizon Opening Comments, at 4.

⁵ Joint Consumers Opening Comments, at 7.

however, is reasonable and consistent with ORA's recommendations. The CTF program goals should distinguish direct and indirect Internet-enabled services and the specifics⁶ of such services should be required in the application form itself. The Joint Consumers offer some good examples of the types of CBO services that should be eligible and which should not, and ORA recommends that the Communications Division (CD) include such examples on its website as guidance for CTF applicants. The CTF application form should require applicants to provide a clear description of eligible CBO activities. ORA also recommends including on the application form an additional CBO eligibility criterion that a minimum 50% of CTF-supported Internet use be for direct/indirect public use as opposed to the organization's internal staff or administrative uses.

As part of the clear definition of direct and indirect Internet services eligible for CTF, the definition of "educational instruction" for CBO eligibility should specifically include the CTF's target of "educationally underserved" communities. The "educational instruction" definition contained in the Joint Consensus Recommendations and Discussion Summary Report (Consensus Report),⁷ and supported by many CBO parties in comments, includes a number of educational administrative functions (i.e. planning, implementation, marketing, outreach) that are contrary to the CTF objectives and strays from the main focus of addressing the direct educational instructional needs of underserved communities.

3. Healthcare CBOs or Government Healthcare Institutions Should Not Qualify Automatically But Should Individually Meet CTF Eligibility Criteria.

The Commission should not grant automatic CTF eligibility to any organization due solely to its affiliation with the Federal Communications Commission (FCC), federal Health and Human Services, or other agency-related program like Healthcare Connect

⁶ Within the application, a list of example indirect services could be listed such as: tele-health remote consultations and diagnostic services; job search assistance in a CBO linked by Internet to potential employers; remote learning facilities; assisted access to healthcare information in a CBO. The application could also refer to the CPUC website for additional, more detailed examples.

⁷ Joint Consensus Recommendations and Discussion Summary Report, filed September 9, 2014, at 9.

Fund, as proposed by Joint Consumers and California Telehealth Network (CTN).⁸ Such programs may not match the eligibility criteria for CTF. Instead, the CD Staff Proposal that CTN members must meet CTF application criteria individually should be adopted.² All applicants to CTF should receive funding based on their own merits (by site) in meeting the needs of medically underserved communities, rather than by virtue of their affiliation with a network. These are similar to the standards that should apply to all CBO sites serving members of the public in underserved communities, rather than sites performing primarily administrative functions or serving more privileged communities. For similar reasons, advocacy groups, data centers, administrative offices and similar healthcare offices that do not primarily provide healthcare services to the public should not be eligible, as proposed by CTN.¹⁰

Like schools and libraries required to apply for E-Rate before applying to CTF, government-run and non-profit healthcare providers should also apply to any available federal support programs for telecommunications services prior to applying to CTF.

4. Non-Profit and Government Telecommunications Service Providers Should Be Included as Eligible Service Providers.

Verizon California Inc. (Verizon) claims that governmental and non-profit entities are legally proscribed from providing CTF-supported services.¹¹ However, Verizon appears to be confusing eligible recipients of the CTF discount with eligible providers of CTF-supported services. Cal. Pub. Util. Code Section 280(d) itself does not prohibit local governments or non-profits from providing service connections.¹²

⁸ Joint Consumers Opening Comments, at 11; CTN Opening Comments, at 8-10.

² CTF 2.0: Connecting California: Staff Proposal for the California Teleconnect Fund, Revised May 2014, at 12.

¹⁰ CTN Opening Comments, at 11-12.

¹¹ Verizon Opening Comments, at 8.

¹² In its Opening Comments, ORA did question whether there was sufficient statutory authority to add non-profit and government service providers to the list of eligible service providers (see ORA's Opening Comments, at 12-13), however this is a different argument than Verizon makes here. As ORA stated, nonprofits and local governments should be allowed to participate in the CTF program if sufficient ratepayer protections and safeguards are in place to ensure program compliance and integrity.

5. Voice and VoIP Services Should Meet the Same Eligibility Criteria as Other CTF Services.

ORA agrees with most parties comments on the inclusion of voice services and Voice over Internet Protocol (VoIP) as eligible for CTF support. However, many parties articulate support for inclusion of voice and VoIP services without qualification of when voice and VoIP should or should not be covered. Currently, CTF covers voice services even if they are wholly administrative, which is not consistent with the CTF's purpose. As a cost-effective middle ground, applicants for CTF voice (including VoIP) support should demonstrate that their voice requirements are consistent with the CTF's goals and rules in the same manner as applied to broadband, i.e., that they are using the voice services over half the time to serve underserved target communities.

III. CONCLUSION

ORA appreciates the Commission's consideration of parties' comments and reply comments in examining the CTF to further the Commission's universal service goals and to ensure that ratepayer funds are prudently spent. With focused goals, more precise eligibility criteria that clearly define direct Internet access and indirect IP-enabled services that qualify for CTF support, greater clarity concerning CTF-eligible telecommunications services, and meaningful metrics and reporting, the CTF can be greatly improved.

Respectfully submitted,

/s/ KIMBERLY J. LIPPI

KIMBERLY J. LIPPI
Staff Counsel

Attorney for the Office of Ratepayer Advocates

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-5822
Fax: (415) 703-4492
E-mail: kimberly.lippi@cpuc.ca.gov

October 21, 2014